

PURCHASE AGREEMENT

This Purchase Agreement is entered into as of February 1, 1973, by and between Shell Oil Company, a Delaware corporation hereinafter called "Seller", and the Port Of Seattle, a Washington municipal corporation hereinafter called "Purchaser".

Recitals

Seller Owns Terminal 19 on Harbor Island in Seattle, Washington and uses it in the loading and unloading of petroleum products on and off tankers and other vessels. Purchaser wishes to buy Terminal 19 in order to reconstruct it as a modern Marine terminal consistent in design with adjacent Terminals 18 and 20 now owned by Purchaser. In order that Seller can continue its activities On Harbor Island so long as Seller wishes following the sale, Purchaser is willing to construct specified appropriate facilities for loading petroleum in and off vessels at Terminal 20 and ultimately at reconstructed Terminal 19 and to give to Seller specific preferential assignment rights to use said facilities and Terminals. However, Purchaser desires first refusal rights in the event Seller elects to sell any or all of its other real property in Harbor Island.

NOW THEREFORE the parties hereby agree as follows:

1. In consideration of the payment of \$5.00 by Purchaser (receipt of Which is hereby acknowledged by Seller) and Purchaser's undertakings set forth below to construct and install major marine terminal equipment and other improvements for the benefit of Seller, Seller hereby agrees to

convey to Purchaser the premises called generally "Terminal 19" on Harbor Island in the City of Seattle, and shown outlined in red in Purchaser's drawing NO. PM-19-1 attached hereto and incorporated herein by this reference as Exhibit A. The parties believe a true and accurate legal description of said premises to be as set forth below, but the parties hereby authorize the Washington Title Division of Pioneer National Title Insurance Company to correct the following legal description if it proves erroneous or incomplete (it being the mutual intention of the parties that the entire premises shown in red on Exhibit A should be conveyed by Seller to Purchaser):

That Portion of the east 1/2 of the west 1/2 of Section 7, Township 24 North, Range 4 East, W. M., King County, Washington described as follows:

Southeast 1/2 of Lot 6 and
All of Lots 7 through 15, Block 395, Seattle
Tide Lands

2. Also in return for the consideration furnished by Purchaser enumerated in paragraph 1 above Seller hereby agrees to give to Purchaser rights of first refusal valid to January 1, 1990 to purchase from Seller all (or any and all portions Seller may propose in good faith to sell to third persons) of the remaining real property owned by Seller on the above-mentioned Harbor Island including without limitation the

shown outlined in blue on Exhibit A. A true and complete legal description of said real property is mutually believed by the parties to be as appears below, but the parties hereby authorize the Washington Title Division of Pioneer National Title Insurance Company to correct the following legal description if it proves erroneous or incomplete.

That portion of north 1/2 of southwest 1/4 of Section 7, Township 24 North, Range 4 East, W. M. King County, Washington, described as follows:

All of Lots 9 through 44, Block 398, Seattle Tide Lands.

3. Total cash consideration to be paid by Purchaser at the closing provided for in paragraph 7 below is Two Million Six Hundred and Eleven Thousand Eight Hundred Dollars (\$2,611,800.00). This sum shall be paid by Port of Seattle Warrant drawn on the Treasurer of King County, Washington. This sum consists of \$1,364,618 representing the average of each party's appraisals of the land legally described in paragraph 1 above, and the remainder represents (i) the parties' agreement as to the on-site value of the improvements and fixtures on said land (subject to Seller's salvage rights provided in paragraph 9 below), (ii) consideration for the cancellation of the lease and waterway permit provided for in paragraph 5 below, (iii) Seller's expenses of relocating certain facilities as provided for in paragraph 6 (a) below, and (iv) the agreed reasonable value of the rights of first refusal described generally in paragraph 2. (Said reasonable value is to be distinguished from the additional prices which Purchaser would pay to Seller in the event Purchaser exercises any of such rights of first refusal.)

4. (a) Title of Seller to the real property described in paragraph 1 and first refusal rights to real property described in paragraph 2 above shall be conveyed and granted on Pioneer National Title Insurance Company Washington form of Statutory Warranty Deed, free of encumbrances, or defects on the date each such interest is conveyed or transferred to Purchaser, except;

(i) Rights of City of Seattle under easement agreement dated September 3, 1963 and recorded December 11, 1963 by King County Auditor under Receiving No. 5674820; and

(ii) Rights of City of Seattle under indemnity agreement with Seller dated June 17, 1966 and recorded July 8, 1966 by the King County Auditor under Receiving No. 6052611; and

(iii) Rights of Oregon-Washington Railroad & Navigation Company, its Lessee Union Pacific Railroad Company, Northern Pacific Railroad Company, and any and all successors in interest under an agreement with Seller dated February 1, 1939 and recorded April 25, 1939 by the King County Auditor under Receiving No. 3042106; and

(iv) Any and all rights of City of Seattle to sums payable subsequent to the date of Purchaser's acquisition of each property interest described in paragraphs 1 and 2 above under the City's Assessment for storm drains pursuant to City Ordinance No. 92235 in District 6286, levied February 17, 1964.

(b) Rights reserved in federal patents or state deeds, building or use restrictions general to the district, and building or zoning regulations or provisions shall not be deemed encumbrances or defects. Encumbrances including City Assessments to be discharged by Seller may be paid out of Purchase money at the date of the pertinent closing of the purchase of each property interest provided for above.

5. The parties agree that the following real property interests granted by Purchaser to Seller shall be terminated by mutual consent with proration of rental on the date of closing of the purchase of the real property described in paragraph 1 above:

(a) Lease L-456 dated September 1, 1948 of Lot 16 and Northwest 50 feet of Lot 17, Block 395 Seattle Tide Lands, and adjacent waterway area shown outlined in green on Exhibit A.

(b) Waterway Permit No. 93 dated December 5, 1942 applicable to waterway area shown outlined in orange on Exhibit A.

6. In addition to the monetary consideration stated in paragraph 3 above, as additional, non-monetary consideration for this Purchase Agreement and the conveyances provided for herein Purchaser shall furnish to Seller the following:

(a) As soon as this Purchase Agreement is signed by both parties, and approved by the Federal Maritime Commission as provided in paragraph 13 below, Purchaser shall undertake at its expense the installation and subsequent maintenance of fuel lines through the Terminal 19 area described in paragraph 1 above and pipelines, valves, and other appurtenances necessary for the loading and unloading of petroleum products to and from tankers and fueling of ferries and other vessels at Purchaser's Terminal 20. The general details of such construction activities by Purchaser including underground pipelines are shown on Exhibit A. The purpose of this construction is to assist Seller in relocating its activities currently conducted on this Terminal 19 area onto the First Refusal area described in paragraph 2 above.

(b) On the closing of Purchaser's acquisition from Seller of the Terminal 19 area described in paragraph 1 above the parties shall simultaneously enter into a preferential assignment agreement. This preferential assignment agreement shall entitle Seller to preferential use of one berth at Terminal 20, (or at Terminal 19 at Purchaser's option when it has completed the reconstruction of Terminal 19 as provided in subparagraph (c) below) at Purchaser's standard published tariff rates then in effect, provided that dockage shall not be assessed against ferries owned by the State of Washington. Purchaser also agrees to lease to Seller at its request 2,000 sq. ft. in Purchaser's Warehouse No. 1 at Terminal 20 at Seller's then applicable standard lease rental rates (currently 6 cents per sq. ft. plus utilities).

(c) Following its acquisition of the Terminal 19

area described in paragraph 1, Purchaser currently proposes to reconstruct it into a modern marine terminal consistent in design with adjacent Terminals 18 and 20 now owned by Purchaser and having risers, pipelines and other facilities adequate to Seller's use as an alternative to Seller's use of Terminal 20 provided for in subparagraph (a) above. However Purchaser does not hereby commit itself to complete any or all of such construction at the Terminal 19 area at any specific time or times. Such currently proposed construction by Purchaser of risers, pipelines, and other facilities at Terminal 19 for possible use by Seller in the loading and unloading of vessels there is shown generally on Exhibit A.

7. (a) The sale and conveyance of the Terminal 19 area described in paragraph 1 above shall be closed at the Escrow Department of the Washington Title Division of Pioneer National Title Insurance Company (719 Second Avenue, Seattle, Washington) not later than December 1, 1974 or as soon as all of the following have occurred:

- (i) Purchaser has completed the construction and installation of the facilities provided for in paragraph 6(a) above.
- (ii) Seller has completed modifications to its remaining facilities on Harbor Island, and constructed new facilities at its site near Renton, Washington, all as substitutes for its facilities currently situated at the area described in paragraph 1.

(b) Purchaser and Seller will deposit in escrow with Pioneer National Title Insurance Company as closing agent ten days prior to closing but not later than November 20, 1974 all instruments and monies necessary to complete the purchase in accordance with this agreement; the cost of escrow shall be paid one-half each by Seller and Purchaser.

8. Seller shall make available to Purchaser at office of closing agent as soon as procurable, a standard form

purchaser's policy of title insurance or report preliminary thereto issued by Pioneer National Title Insurance Co.

Seller authorizes Purchaser to order title insurance at Seller's expense. The final title policy to be issued following closing shall contain no exceptions other than those provided for in said standard form plus encumbrances or defects noted in Paragraph 7 above. Delivery of such policy or title report to closing agent named herein shall constitute delivery to Purchaser. If title is not so insurable as above provided and cannot be made so insurable by termination date set forth in paragraph 7 hereof, earnest money shall be refunded and all rights of Purchaser terminated: Provided that Purchaser may waive defects and elect to purchase. If title is so insurable and Purchaser fails or refuses to complete purchase the earnest money shall be forfeited as liquidated damages unless Seller elects to enforce this agreement. The closing agent shall not be responsible for delivery of title.

9. Taxes for the current year, rents, insurance, interest, mortgage reserves, water and other utilities constituting liens shall be pro rated as of the pertinent date of closing.

10. Purchaser shall be entitled to possession of each property interest to be conveyed as of the pertinent date of closing. Seller may remove any and all fixtures and improvements from the area described in paragraph 1 above up to the date of closing of its sale to Purchaser. All improvements and fixtures remaining on said area on and after the date of closing shall be the property of Purchaser.

11. Purchaser agrees to purchase the real property described in paragraph 1 and to accept first refusal rights to the real property described in paragraph 2 in their present condition, on the terms noted. There are no verbal or other agreements which modify this Purchase Agreement.

Time is of the essence with regard to this Purchase Agreement.

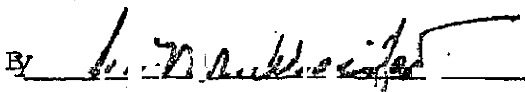
12. Purchaser in acquiring real property described in paragraph 1 above is (a) acting in conformance to its duly adopted Comprehensive Scheme of Development; and (b) pursuant to its Resolution No. 2451 declaring acquisition of said property to be a matter of public use and necessity and authorizing said acquisition by purchase and/or eminent domain.

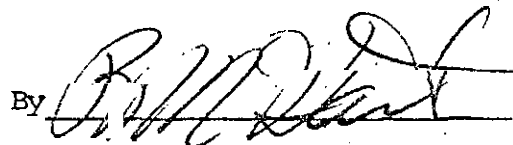

13. This instrument shall be submitted to the Federal Maritime Commission for a determination to whether it may be subject to the provisions of section 15 of the Shipping Act, 1916 as amended. In the event that Commission or its staff shall determine that approval of this instrument is required under said section 15, this instrument shall not become effective until both of the parties hereto have been informed that such approval has been given. No future amendment or modification to this instrument (other than a termination of the entire agreement between the parties by their mutual consent) shall become effective until such amendment or modification has been submitted to and reviewed by the Federal Maritime Commission and its staff in the manner outlined above.

IN WITNESS WHEREOF the parties have signed this Purchase Agreement as of the date first stated above.

ATTEST:

SHELL OIL COMPANY

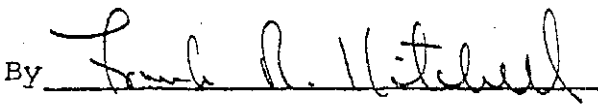
By 
An Assistant Secretary

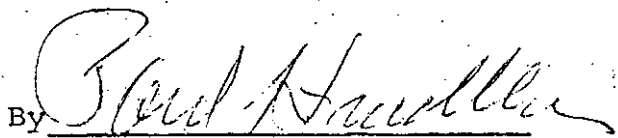
By 
An Executive Vice President 

(Corporate Seal)

ATTEST:

PORT OF SEATTLE

By 
Its Secretary

By 
Its President

(Corporate Seal)